Widening fiscal gap

4659. SHRI RAJKUMAR DHOOT : Will the Minister of FINANCE be pleased to state :

whether it is a fact that RBI has cautioned Government about the widening fiscal gap that may hit soft rate regime;

if so, Government's reaction thereto; and

the steps proposed to be taken to bring down the fiscal gap ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VTTHOBA ADSUL): (a) The Report on Currency and Finance 2001 -2002 brought out by the Reserve Bank of India in March, 2003 has observed that with the widening of the fiscal gap, it would be increasingly difficult to maintain a softer interest rate regime.

(b) and (c) The Union Budget 2003-2004 acknowledges the necessity for fiscal consolidation for sustainable economic growth and underscores Government's commitment to totally eliminating budgetary drags. The budget for 2003-04 has sought to address this issue through revenue enhancement under a modem tax administration and expenditure rationalization. Towards this end, a number of initiatives have been proposed which include, among others, rationalization of tax structure, better cash management and prepayment of high cost external and internal debt. These measures are expected to bring down the fiscal deficit as a proportion of Gross Domestic Product from 5.9 per cent during 2002-03 (RE) to 5.6 percent during 2003-04 (BE).

Slow economic recovery

4660. SHRI NANA DESHMUKH: Will the Minister of FINANCE be pleased to state :

whether India has achieved a growth of 4.4 per cent during the last financial year 2002-03 and the growth rate for 2003-04 has been fixed over 6 per cent;

whether in view of adverse impact of Iraq war, economic recovery has already slowed down; and

if so, what steps are being taken by Government to attain the targeted growth rate during the current financial year ?